

088040



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

JUL 20 1984

The Honorable Robert Gielow
Chairman
Railroad Retirement Board

Dear Mr. Gielow:

Subject: Railroad Retirement Board Disability
Determinations (GAO/HRD-84-11)

In April 1982, the then Chairwoman of the House Government Operations Committee, Subcommittee on Manpower and Housing, asked us to compare and contrast the disability criteria being used by the Social Security Administration (SSA) and the Railroad Retirement Board and to determine the Board's adherence to its criteria. In June 1982, we presented our preliminary findings during hearings held by the Subcommittee. This letter summarizes the final results of our work and our observations on the progress made to remedy the problems identified by our analysis.

Although the Board is solely responsible for determining benefit entitlements for former railroad workers and their families, it is required to comply with SSA's disability criteria. In fiscal year 1983 the Board paid about \$446 million in total and permanent disability benefits to about 57,600 beneficiaries. SSA reimbursed the Board for 40 percent (\$179 million) of the disability payments that would have been payable by social security if the Board did not exist.

In our sample of 1981 Board disability decisions, we found that the Board's application of the criteria was not consistent with that of SSA examiners. We found instances of questionable disability decisions and cases where decisions were made with insufficient documentation. Although SSA finds that state disability agencies (which make disability awards for the social security program) also make such errors, the Board had a higher percentage of such cases.

RESULTS OF OUR REVIEW

Based on a review of initial disability adjudications made by the Board from May through December 1981, we estimate that 6 percent of the awards we sampled should have been denied. This reflects a consensus of opinion among three reviewing groups--SSA's Chicago regional office, SSA's central office, and our disability staff (See enclosure I for more detail on our objectives, scope, and methodology). In addition, the SSA examiners who assisted us in our review found that in about 15 percent of the awards, the documentation was insufficient to establish

(105201)



088040

088040 / 735554

whether the beneficiary was seriously impaired or capable of returning to work. This amounts to a combined error rate (questionable decisions and insufficient documentation) of 21 percent (+ 11 percent at the 95 percent confidence level).

SSA's ongoing accuracy measurement system, which started collecting error data in October 1981 for state disability agencies handling social security disability claims, reported a national error rate of about 5 percent (+ 5 percent at the 95-percent confidence level). The highest error rate reported for any state disability agency was 11 percent.

We also found that although the Board schedules some beneficiaries for reevaluation when the potential for an improved medical condition is apparent, this procedure is not consistently followed. About 7 percent of the awards we sampled involved beneficiaries with a potential for improvement who should have been scheduled for future reevaluation but were not. Experience has shown that in certain cases the likelihood of significant medical improvement is good and the case should be scheduled for reevaluation. For impairments without severe residual functional loss or structural deformity, such as bone fractures, SSA generally requires reevaluations within 6 to 18 months after adjudication. For other cases, a medical judgment is required based on whether significant medical improvement can be expected. If the reevaluation determines that the beneficiary's condition has improved, disability payments may be stopped.

Several factors contributed to questionable Board disability decisions. The Board was not fully complying with SSA disability award criteria, and the Board's staff lacked training in understanding and applying those criteria. Also, during the time the 1981 award decisions were made on the cases sampled, the Board had no formal quality control system for reviewing the appropriateness of disability determinations. Finally, although SSA paid almost half of the Board's 1981 disability costs and must certify the accuracy of the amount it pays, it was not performing any quality assurance reviews of Board determinations.

AGENCY INITIATIVES IN TRAINING AND QUALITY ASSURANCE

Since we initiated our review in mid-1982, both the Board and SSA have undertaken initiatives directed at the factors that we believe contributed to the error rate in the Board's disability determinations.

Board officials began additional training for disability claims examiners in November 1982. The training centered on spelling out what documentation was needed to support a severe impairment for each of the 13 medical impairment categories (mental disorders, cardiovascular, respiratory, etc.) that SSA uses. The training also covered what constituted acceptable medical evidence in determining the severity of a medical impairment. Board officials also told us that they have retained medical consultants to provide training for 1-1/2 to 2 hours a month to help the Board's claims examiners keep abreast of changes in SSA's policies and procedures and to correct problems noted during the Board's quality assurance reviews.

In October 1983, the Board began a quality assurance pilot project. A claims examiner, who is independent of the disability determination unit, will review 10 disability cases each month from each of the 14 claims examiners. The cases will also be reviewed by the Board's consulting physicians. According to a Board official if the project succeeds in identifying deficiency trends in disability determinations, it will be implemented on a permanent basis.

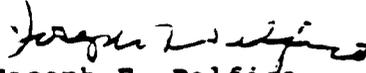
Early in 1984, SSA initiated an ongoing program to review Board disability determinations by issuing new quality assurance review instructions for railroad disability claims that are adjudicated in the Great Lakes Program Service Center. A selection will be made of every fourth railroad disability determination, with certain exclusions, for quality assurance review. This will include initial as well as continuing disability determinations and will be made before a decision is finalized. A SSA official estimated that this would involve about 1,000 railroad disability determinations annually. This review is to assure that railroad disability determinations conform to SSA's operating policies and procedures. Consequently, for the first time, SSA will be performing the same types of quality assurance reviews that it performs of its own disability determinations.

- - - - -

As stated above, the error rate experienced by the Board disability program in 1981 was in excess of the rates being experienced under the social security program on both a national and individual state basis. We believe that the actions initiated by both agencies address the underlying causes of the problems we noted. Therefore, we do not plan to make any recommendations at this time.

We will, however, continue to monitor the progress being made and undertake any future follow-up we believe necessary. We appreciate the cooperation extended us during our review.

Sincerely yours,


Joseph F. Delfico
Associate Director

Enclosures - 2

OBJECTIVES, SCOPE, AND METHODOLOGY

We sought to determine whether the Board followed appropriate criteria when evaluating claims for disability benefits. We conducted our review at the Board's headquarters in Chicago in accordance with generally accepted government audit standards. We first determined the Board's procedures for processing disability claims. Then, from 3,540 total and permanent awards in 1981, we selected a stratified random sample of 130 cases, of which 128 were usable. This was the most current data available when we began our review in April 1982.

Of the 128 Board disability awards, Social Security Administration (SSA) examiners in the Chicago regional office¹ made an initial determination that 54 were questionable. Board officials strongly disagreed with that evaluation. They said that Board personnel made proper determinations in accordance with SSA criteria, that each case was reviewed either by two claims examiners or by a Board doctor and a claims examiner, and some cases were also jointly evaluated with SSA staff. The Board officials characterized the SSA's examiners' assessment of the Board's disability determinations as inaccurate and irrelevant in light of all the reviews the cases had been subjected to.

Because of the views of Board officials and the subjective nature of disability determinations, we further evaluated and made several adjustments to the initial sample size and the initial determinations by SSA's regional office examiners. We eliminated 60 sample cases decided by the Board before May 1981 because an April 1981 change in SSA criteria, in our opinion, may have inappropriately influenced the SSA's examiners' decision for those Board cases awarded before this change (see enclosure II.) That change expanded a list of examples of impairments that were not considered medically severe from 5 to 20 examples and added considerable specificity to each.

¹ Because a review of medical evidence and familiarity with SSA criteria are essential to properly determine eligibility, we obtained the services of staff examiners from SSA's Office of Assessment. These examiners do quality assurance reviews of social security disability cases and have access to SSA's medical and vocational personnel. The examiners reviewed the selected cases to determine whether Board decisions were made in accordance with SSA criteria.

Of the 68 cases remaining in our revised sample, 31 had been deemed questionable by SSA's regional office examiners. In light of the Board's comments and to explore further whether these cases were in fact questionable, the 31 cases also were reviewed by SSA's central office reviewers and our staff who specialize in reviews of social security disability programs. Any cases that either SSA's central office reviewers or our disability staff had reservations about were deleted from our findings of questionable decisions.

Our final results represent only those cases for which there was total agreement on denials among the SSA regional examiners, the SSA central office staff and our disability staff and those cases that SSA's reviewers believed lacked sufficient documentation to be awarded disability. All our estimates were computed using stratified random sampling formulation.

ANALYSIS OF ADJUSTMENTS
TO ORIGINAL DECISIONS BY
SSA EXAMINERS

<u>Initial sample</u>	<u>Number</u>	<u>Percent</u>
Disability award cases	128 ===	100% ===
Decision by SSA regional office examiners:		
Not disabled	21	17%
Insufficient documentation	<u>33</u>	<u>25%</u>
	54 ==	42% ===
 <u>Revised sample</u> 		
Disability award cases (size is reduced because of April 1981 change in SSA disability criteria)	68 ==	100% ====
Decision by SSA regional office examiners:		
Not disabled	15	22%
Insufficient documentation	<u>16</u>	<u>22%</u>
	<u>31</u>	<u>44%</u>
Decisions by staff of SSA central office and GAO (who reviewed initial SSA regional office decisions):		
Not disabled	5	6%
Insufficient documentation	<u>12</u>	<u>15%</u>
	<u>17</u>	<u>21%</u>